INFORMATION

Germany (Russian Zone ONFIDENTIAL COUNTRY

DATE DISTR. 24 August 1948

Results of Currency Reform in Thuringian SUBJECT Economy

NO. OF PAGES

25X1A

PLACE ACQUIRED

25X1 CIA LIBRARY

NO. OF ENCLS.

DATE OF INFO

SUPPLEMENT TO

25X1X 1. Currency reform in Mastern Germany has brought no consumer goods to market beyond those available before the reform - e.g., objeta d'art of little value, low quality articles of wood and tin. Textiles and shoes continue to be distributed only through the trade unions. Prices have remained the same as before the currency reform; black market prices are also unchanged. The following black market prices were offered in Erfurt on 20 July 1948:

> 4-1b loaf of black bread: 40 marks

260 - 300 marks 1b of butter

pack of US cigarettes 80 marks.

- The population appeared to have ceased all business activity in 2. view of the second currency reform, in which the "Tapetenmark" was to be exchanged for new currency. It was generally expected that, in view of the mass of forged stamps affixed to the old currency, new money would not merely be issued against Tapetenmark, but that another quota, blocking, or devaluation scheme was to be expected. The result of this expectation was complete apathy. Money was as freely spent on entertainment and available articles of no real value as before the first currency reform. The money shortage which existed among those parts of the population which had to exchange at the 10:1 ratio affected only the black market, which maintained its prices, but at a greatly reduced turnover.
- No goods are expected to come out of hoarding even after the final 3. eastern zone reform, because none are believed to be in hoarding. Works councils in most plants have seen to it that that part of the production which was not delivered to the Russians under export or reparations schemes was used in compensation to provide food, if not for all workers, then at least for the members of the works council.
- The Russians during the past three months have cancelled the majority 4. of their export contracts for luxury goods, intended for sale in western Europe and the western hemisphere, because they were unable to market them.

* Wall paper mark, so called because the stamps were pasted on the bills like CONICION wall paper on a wall.

		CLASSIFICAT	ION 4	CHPIDINITAL		NTIAL	^			
STATE	NAVY	NAVY NSRB		DISTRIBUTION		, /				
ARMY //	X AIR	X								
CONF letter Direct Archiv	IDENTIAL in a of 16 Octol or of Central rist of the Ur Review Date:	2008	the the the	CONFIDENTI 708 : CIA-RDP82-0	A I	Class. Ch	SYFIED ANGED TO A REG	5 	s (5

CONFIDENTIAL

25X1A

CENTRAL INTELLIGENCE AGENCY

The foreign currency bonus of 7½%, normally payable to Russian Zone exporters on hard currency sales, was converted into a rare merchandise bonus in Thuringia in mid-July. In a mimeographed letter, the Thuringian Ministry of Economics offered shoes, textiles, and wrapping paper to exporters in lieu of those hard currency amounts at their disposal for overseas purchases. According to an official of the Thuringian Ministry of Economics, the goods offered were contracted for by the Russians for export, but were found unexportable. The prices at which they were now offered to exporters corresponded to cost plus 30%.

COMP LUENT LAD

CONFINIAL

: (1) (1) (1)